

BASIC FINANCIAL STATEMENTS

Statement of Net Assets

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 116,044,764	\$ 21,408,784	\$ 137,453,548
Restricted cash	88,245,212	88,809,862	177,055,074
Investments	17,925,403	-	17,925,403
Receivables	29,810,305	12,337,526	42,147,831
Prepaid expenses	3,397	3,818,147	3,821,544
Internal balances	1,931,974	(1,926,207)	5,767
Due from City			-
Inventories	595,338	865,863	1,461,201
Total current assets	254,556,393	125,313,975	379,870,368
Noncurrent assets:			
Land held for resale			-
Capital assets, net of depreciation	216,038,559	572,832,974	788,871,533
Pension asset	17,049,045		17,049,045
Deferred professional fees, net	882,278	30,736	913,014
Receivables		5,579,069	5,579,069
Other		-	-
Total noncurrent assets	233,969,882	578,442,779	812,412,661
Total Assets	\$ 488,526,275	\$ 703,756,754	\$ 1,192,283,029
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 21,128,426	\$ 6,446,115	\$ 27,574,541
Retainage payable		3,494,331	3,494,331
Accrued liabilities	17,378,901	12,309,678	29,688,579
Other liabilities	1,668,719	1,078,144	2,746,863
Insurance claims payable	621,964		621,964
Due to school district	21,119,252		21,119,252
Accrual for pension benefits			-
Deferred revenue	19,277,333	27,854	19,305,187
Taxes collected in advance	28,097,379		28,097,379
Total current liabilities	109,291,974	23,356,122	132,648,096
Noncurrent liabilities:			
Due within one year	23,736,830	13,810,198	37,547,028
Other liabilities due within one year			-
Due in more than one year	272,778,085	342,502,532	615,280,617
Other liabilities due in more than one year		4,310,591	4,310,591
Bond discounts		(4,801,320)	(4,801,320)
Total noncurrent liabilities	296,514,915	355,822,001	652,336,916
Total Liabilities	405,806,889	379,178,123	784,985,012
NET ASSETS			
Investment in capital assets, net of related debt	94,437,831	243,639,543	338,077,374
Restricted for:			
Coverage account		4,084,376	4,084,376
Manchester Regional Industrial Foundation		971,707	971,707
PFCs		4,873,373	4,873,373
MSDC		4,478,949	4,478,949
Revenue bond O&M		7,795,000	7,795,000
Revenue bond fund		16,034,357	16,034,357
Workmen's compensation	2,715,004		2,715,004
Cemetery and other trust funds	13,597,769		13,597,769
Library trust funds	2,849,084		2,849,084
Designated for:			
Equipment replacement		255,713	255,713
Restricted for debt service			-
Unrestricted	(30,880,302)	42,445,613	11,565,311
Total Net Assets	\$ 82,719,386	\$ 324,578,631	\$ 407,298,017
See accompanying notes.			

Manchester School District	Component Units	
	Manchester Transit Authority	Manchester Development Corporation
\$ 8,835,090	\$ 1,009,692	\$ 1,599,891
		29,760
30,388,141	627,300	
	403,625	900,761
	169,377	
		(5,767)
21,119,252		
	163,019	
<u>60,342,483</u>	<u>2,373,013</u>	<u>2,524,645</u>
6,288,665	2,286,470	
<u>6,288,665</u>	<u>2,286,470</u>	<u>-</u>
\$ 66,631,148	\$ 4,659,483	\$ 2,524,645
\$ 2,717,317	\$ 51,242	\$ 12,950
18,087,639	34,351	29,760
		1,530
	627,300	
25,553,452	6,582	
<u>46,358,408</u>	<u>719,475</u>	<u>44,240</u>
-		
6,847,624		
	289,424	
<u>6,847,624</u>	<u>289,424</u>	<u>-</u>
53,206,032	1,008,899	44,240
6,288,665	1,969,695	
37,074	818,484	
24,289,802		
(17,190,425)	862,405	2,480,405
<u>\$ 13,425,116</u>	<u>\$ 3,650,584</u>	<u>\$ 2,480,405</u>

Statement of Activities

	Expenses	Program Revenues		
		Charges for Sales and Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
General government	\$ 39,884,738	\$ 9,316,439	\$ 15,902,634	
Public safety	38,959,705	2,802,949	1,492,792	
Health and sanitation	5,446,491	1,533,303	2,441,513	
Highways and streets	23,004,043	6,363,098	3,680,818	
Welfare	1,325,442	93,813		
Education and library	3,035,765	204,659	13,240	
Parks and recreation	5,259,212	2,469,182	595,552	
Cemetery Trust	32,627			
Investment management fee	29,071			
Total governmental activities	<u>116,977,094</u>	<u>22,783,443</u>	<u>24,126,549</u>	<u>-</u>
Business-type activities				
Water	12,349,266	12,139,084		1,611,168
EPD	12,222,211	11,393,713	959,284	2,019,325
Aviation	45,468,710	45,183,565	3,228,931	817,782
Recreation	2,860,922	2,256,001		189,019
Aggregation	173,941	55,661		
Total business-type activities	<u>73,075,050</u>	<u>71,028,024</u>	<u>4,188,215</u>	<u>4,637,294</u>
Total primary government:	<u>\$ 190,052,144</u>	<u>\$ 93,811,467</u>	<u>\$ 28,314,764</u>	<u>\$ 4,637,294</u>
Component units				
Manchester School District	146,830,693	18,188,696	17,329,666	24,624,224
Manchester Transit Authority	5,271,747	2,982,338	2,021,673	420,130
Manchester Development Corporation	25,064			
Total component units	<u>\$ 152,127,504</u>	<u>\$ 21,171,034</u>	<u>\$ 19,351,339</u>	<u>\$ 25,044,354</u>
General revenues:				
Property taxes				
Auto registration fees				
Franchise fees				
Unrestricted investment earnings				
Grants and contributions not restricted to specific programs				
Miscellaneous				
Debt reimbursement from MSD				
Transfer from capital projects fund				
Donation of land				
Gain (loss) on disposal of assets				
Total general revenues				
Change in net assets (deficits)				
Net assets (deficits) - beginning				
Net assets (deficits) - ending				
See accompanying notes.				

City of Manchester New Hampshire
For the Fiscal Year Ended June 30, 2004

Net (Expense) Revenue and Changes in Net Assets (Deficits)					
Primary Government			Component Units		
Governmental Activities	Business-type Activities	Total	Manchester School District	Manchester Transit Authority	Manchester Development Corporation
\$ (14,665,665)		\$ (14,665,665)			
(34,663,964)		(34,663,964)			
(1,471,675)		(1,471,675)			
(12,960,127)		(12,960,127)			
(1,231,629)		(1,231,629)			
(2,817,866)		(2,817,866)			
(2,194,478)		(2,194,478)			
(32,627)		(32,627)			
(29,071)		(29,071)			
<u>(70,067,102)</u>	<u>-</u>	<u>(70,067,102)</u>			
	1,400,986	1,400,986			
	2,150,111	2,150,111			
	3,761,568	3,761,568			
	(415,902)	(415,902)			
	<u>(118,280)</u>	<u>(118,280)</u>			
-	6,778,483	6,778,483			
<u>\$ (70,067,102)</u>	<u>\$ 6,778,483</u>	<u>\$ (63,288,619)</u>			
			\$ (86,688,107)	\$ 152,394	\$ (25,064)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (86,688,107)</u>	<u>\$ 152,394</u>	<u>\$ (25,064)</u>
61,894,928		61,894,928	36,657,061		
14,399,844		14,399,844			
1,033,635		1,033,635			
2,606,687	2,177,409	4,784,096	106,215	6,853	63,724
		-	73,407,287		
		-	508,910		
5,797,821		5,797,821			
(5,346,517)	5,346,517	-			
	(478,250)	(478,250)			
686,201	(546,759)	139,442		1,119	(392,667)
<u>81,072,599</u>	<u>6,498,917</u>	<u>87,571,516</u>	<u>110,679,473</u>	<u>7,972</u>	<u>(328,943)</u>
11,005,497	13,277,400	24,282,897	23,991,366	160,366	(354,007)
71,713,889	311,301,231	383,015,120	(10,566,250)	3,490,218	2,834,412
<u>\$ 82,719,386</u>	<u>\$ 324,578,631</u>	<u>\$ 407,298,017</u>	<u>\$ 13,425,116</u>	<u>\$ 3,650,584</u>	<u>\$ 2,480,405</u>

**Balance Sheet
Governmental Funds**

**City of Manchester, New Hampshire
June 30, 2004**

	<u>General</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Assets</u>				
Cash and cash equivalents	\$ 74,646,353	\$ 37,935,869	\$ 3,815,906	\$ 116,398,128
Restricted cash and cash equivalents	4,798,675	79,908,581	3,184,591	87,891,847
Investments	516,599		17,408,804	17,925,403
Receivables, net of allowances for collection losses	20,278,656	85,000	8,140,848	28,504,504
Prepaid items	3,397			3,397
Due from other funds	3,043,323	226,168		3,269,491
Inventories	595,338			595,338
Total Assets	<u>\$ 103,882,341</u>	<u>\$ 118,155,618</u>	<u>\$ 32,550,149</u>	<u>\$ 254,588,108</u>
<u>Liabilities and Fund Equity</u>				
Liabilities				
Accounts and warrants payable	\$ 4,580,659	\$ 8,438,690	\$ 8,109,077	\$ 21,128,426
Accrued liabilities	2,879,740	977,925	299,254	4,156,919
Insurance claims payable	621,964			621,964
Due to other funds		4,789	350,664	355,453
Due to Manchester School District	24,419,382			24,419,382
Deferred revenue	18,207,297		2,940,029	21,147,326
Taxes collected in advance	28,107,837			28,107,837
Other			199,674	199,674
Total Liabilities	<u>78,816,879</u>	<u>9,421,404</u>	<u>11,898,698</u>	<u>100,136,981</u>
Fund Equity				
Fund balances				
Reserved for				
Encumbrances	1,427,053	6,332,911	687,676	8,447,640
Cemetery and other trust funds			13,597,769	13,597,769
Library			2,849,084	2,849,084
Inventory	595,339			595,339
Advances	1,700,039			1,700,039
Workers' compensation	2,715,004			2,715,004
Designated for				
Health insurance	1,933,868			1,933,868
General liability insurance	1,349,058			1,349,058
Special revenue	3,713,345			3,713,345
Tax rate stabilization	641,904			641,904
Revenue stabilization	9,633,625			9,633,625
Unreserved, reported in:				
General fund	1,356,227			1,356,227
Capital projects		102,401,303		102,401,303
Special revenue			3,516,922	3,516,922
Total Fund Equity	<u>25,065,462</u>	<u>108,734,214</u>	<u>20,651,451</u>	<u>154,451,127</u>
Total Liabilities and Fund Balances	<u>\$ 103,882,341</u>	<u>\$ 118,155,618</u>	<u>\$ 32,550,149</u>	

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	216,038,559
Pension asset created in governmental activities is not a financial resource and, therefore, is not reported in the funds.	17,049,045
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	1,277,839
Long-term liabilities consisting of bonds payable are not due and payable in current period and, therefore, are not reported in the funds.	(307,046,728)
Long-term liabilities consisting of accruals are not due and payable in the current period and, therefore, are not reported in the funds.	949,544
	<u>\$ 82,719,386</u>

See accompanying notes.

Statement of Revenues,
Expenditures and Changes in Fund Balances (Deficit)
Governmental Funds

City of Manchester, New Hampshire
Year Ended June 30, 2004

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<u>Revenues</u>				
Taxes	\$ 62,989,526			\$ 62,989,526
Federal and state grants and aid	8,075,517	\$ 752,975	\$ 14,203,387	23,031,879
Nonenterprise charges for sales and services	4,690,757		140,937	4,831,694
Licenses and permits	21,452,411			21,452,411
Interest	735,622	1,506,817	364,247	2,606,686
Contributions		1,000,000	94,669	1,094,669
Net loss on sale of securities			2,307,874	2,307,874
Other	11,608,537	980,000	1,095,338	13,683,875
Total Revenues	109,552,370	4,239,792	18,206,452	131,998,614
<u>Expenditures</u>				
Current:				
General government	19,639,015	45,849,291	9,969,932	75,458,238
Public safety	39,325,628	305,258	1,265,604	40,896,490
Health and sanitation	2,810,741	1,730	2,004,373	4,816,844
Highway and streets	21,222,075	3,928,187	1,839,120	26,989,382
Welfare	1,271,988		69,858	1,341,846
Education	2,417,556	27,546	93,128	2,538,230
Parks and recreation	3,203,765	4,583,390	1,153,903	8,941,058
Cemetery Trust			30,889	30,889
Investment management fee			29,071	29,071
Debt service:				
Principal retirement	9,630,629			9,630,629
Interest	5,856,376	4,226,765		10,083,141
Total Expenditures	105,377,773	58,922,167	16,455,878	180,755,818
Excess (Deficiency) of revenues over expenditures	4,174,597	(54,682,375)	1,750,574	(48,757,204)
<u>Other Financing Sources (Uses)</u>				
Proceeds of refunding bonds	24,490,273			24,490,273
Payment to refunded bond escrow agent	(24,276,368)			(24,276,368)
Bond proceeds		170,930,421		170,930,421
Transfers in	335,539	855,261	1,642,043	2,832,843
Transfers out	(2,467,476)		(365,367)	(2,832,843)
Total Other Financing Sources (Uses)	(1,918,032)	171,785,682	1,276,676	171,144,326
Net Change in Fund Balances	2,256,565	117,103,307	3,027,250	122,387,122
Fund Balance (Deficit), beginning	22,808,897	(8,369,093)	17,624,201	32,064,005
Fund Balance, ending	\$ 25,065,462	\$ 108,734,214	\$ 20,651,451	\$ 154,451,127

See accompanying notes.

CITY OF MANCHESTER, NEW HAMPSHIRE

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2004**

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances – total governmental funds	\$ 122,387,122
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	42,257,062
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(155,828)
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The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(156,870,429)
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	3,387,570
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Change in net assets of governmental activities	<u><u>\$ 11,005,497</u></u>
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See accompanying notes.

General Fund
Statement of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual (Budget Basis)

City of Manchester, New Hampshire
Year Ended June 30, 2004

	Original Budget	Revised Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>				
Taxes	\$ 61,972,700	\$ 62,599,114	\$ 62,816,437	\$ 217,323
Federal and state grants and aid	6,832,642	6,856,228	6,981,460	125,232
Nonenterprise charges for sales and services	4,677,366	4,677,366	4,690,757	13,391
Licenses and permits	21,604,769	21,604,769	21,452,411	(152,358)
Interest	1,000,000	1,000,000	735,622	(264,378)
Other	9,323,999	8,673,999	9,109,170	435,171
Total Revenues	105,411,476	105,411,476	105,785,857	374,381
<u>Expenditures</u>				
Current:				
General government	19,076,156	19,514,056	19,390,399	123,657
Public safety	38,874,077	38,410,077	38,283,193	126,884
Health and sanitation	3,071,406	3,071,406	2,810,998	260,408
Highway and streets	21,520,212	21,516,312	21,363,548	152,764
Welfare	1,307,294	1,307,294	1,272,095	35,199
Education	2,398,640	2,428,640	2,427,041	1,599
Parks and recreation	3,308,024	3,308,024	3,241,144	66,880
Debt service:				
Principal retirement	10,363,628	10,363,628	9,630,629	732,999
Interest	5,864,924	5,864,924	5,856,376	8,548
Total Expenditures	105,784,361	105,784,361	104,275,423	1,508,938
Excess of revenues over expenditures	(372,885)	(372,885)	1,510,434	1,883,319
<u>Other Financing Sources (Uses)</u>				
Transfers in	385,100	385,100	335,539	(49,561)
Transfers out	(1,612,215)	(1,612,215)	(1,612,215)	
Total Other Financing Sources (Uses)	(1,227,115)	(1,227,115)	(1,276,676)	(49,561)
Net Change in Fund Balances	\$ (1,600,000)	\$ (1,600,000)	\$ 233,758	\$ 1,833,758

See accompanying notes.

	Business-type Activities-Enterprise Funds				
	Water Works Fund	Major EPD Fund	Aviation Fund	Non-Major Funds	Total
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 2,081,273	\$ 18,659,066		\$ 668,445	\$ 21,408,784
Restricted cash and cash equivalents	29,178,598	790,849	\$ 58,840,415	-	88,809,862
Receivables, net of allowances for collection losses	2,561,314	4,955,005	4,679,985	141,222	12,337,526
Prepaid items	1,268,745	184,559	2,364,843		3,818,147
Inventories	729,440	21,910	114,513		865,863
Total current assets:	35,819,370	24,611,389	65,999,756	809,667	127,240,182
Noncurrent assets:					
Capital assets, net, where applicable, of accumulated depreciation	84,658,740	115,453,865	362,863,510	9,856,859	572,832,974
Deferred charges				30,736	30,736
Receivables		5,579,069			5,579,069
Other receivables					-
Total noncurrent assets:	84,658,740	121,032,934	362,863,510	9,887,595	578,442,779
Total Assets	\$ 120,478,110	\$ 145,644,323	\$ 428,863,266	\$ 10,697,262	\$ 705,682,961
Liabilities					
Current liabilities					
Accounts and warrants payable	\$ 1,844,125	\$ 1,700,286	\$ 2,838,743	\$ 62,961	\$ 6,446,115
Retainage payable	2,046,711	535,136	912,484		3,494,331
Accrued liabilities	2,027,094	1,215,141	7,297,612	202,153	10,742,000
Due to other funds				1,926,207	1,926,207
Deferred revenue			9,326	18,528	27,854
Bonds and notes payable	1,225,138	6,322,237	6,135,000	127,823	13,810,198
Compensated absences	1,031,065	241,343	136,526	158,744	1,567,678
Other	126,526	52,343	899,275		1,078,144
Total Current liabilities	8,300,659	10,066,486	18,228,966	2,496,416	39,092,527
Noncurrent liabilities					
Bonds payable	48,663,636	26,018,980	260,448,680	2,368,925	337,500,221
Notes Payable	100,000	4,210,591			4,310,591
Deferred Revenue			119,708		119,708
Other			81,283		81,283
Total Noncurrent liabilities	48,763,636	30,229,571	260,649,671	2,368,925	342,011,803
Total Liabilities	57,064,295	40,296,057	278,878,637	4,865,341	381,104,330
Net Assets					
Invested in Capital Assets, net of related debt	56,506,695	78,902,057	100,715,705	7,515,086	243,639,543
Restricted	6,799,706	255,713	31,438,056		38,493,475
Unrestricted	107,414	26,190,496	17,830,868	(1,683,165)	42,445,613
Total Net Assets	\$ 63,413,815	\$ 105,348,266	\$ 149,984,629	\$ 5,831,921	\$ 324,578,631

See accompanying notes.

Proprietary Funds
Combining Statement of Revenues, Expenses
and Changes in Fund Net Assets

City of Manchester, New Hampshire
Year Ended June 30, 2004

	Business-type Activities-Enterprise Funds				
	Major			Non-major Funds	Total
	Water Works Fund	EPD Fund	Aviation Fund		
<u>Operating Revenues</u>					
Charges for goods and services	\$ 11,859,212	\$ 11,293,628	\$ 34,818,058	\$ 2,194,399	\$ 60,165,297
Other			2,961,058	92,525	3,053,583
Total Operating Revenues	11,859,212	11,293,628	37,779,116	2,286,924	63,218,880
<u>Operating Expenses</u>					
Personnel services	5,237,841	2,691,251	4,829,266	1,802,795	14,561,153
Plant maintenance	387,470	1,365,040	605,182	241,261	2,598,953
Light/heat and power	863,880	1,832,313	1,954,754	255,218	4,906,165
General and administrative	1,790,484	562,927	14,284,773	277,377	16,915,561
Depreciation and amortization	2,136,646	4,699,740	10,019,108	349,833	17,205,327
Total Operating Expenses	10,416,321	11,151,271	31,693,083	2,926,484	56,187,159
Operating Income (Loss)	1,442,891	142,357	6,086,033	(639,560)	7,031,721
<u>Non-Operating Revenues (Expenses), net</u>					
Soundproofing program grant			3,228,930	-	3,228,930
Soundproofing program expense			(3,246,906)	-	(3,246,906)
Interest income	306,824	195,715	1,674,870	-	2,177,409
Interest expense	(1,716,062)	(1,070,940)	(10,300,683)	(108,379)	(13,196,064)
Reimbursements of bond interest expense		261,724		-	261,724
Finance and service charges	(216,883)	100,084	(228,038)	-	(344,837)
Passenger facility charges			5,242,296	-	5,242,296
Customer facility charges			2,162,154	-	2,162,154
Rent and other income	279,872			24,738	304,610
Donation of land		(478,250)		-	(478,250)
Gain (Loss) on disposal of capital assets	(45,168)	(20,185)	(482,518)	1,113	(546,758)
Transfer from capital projects fund				5,346,517	5,346,517
Total Non-operating Expenses	(1,391,417)	(1,011,852)	(1,949,895)	5,263,989	910,825
Net income (loss) before capital contributions	51,474	(869,495)	4,136,138	4,624,429	7,942,546
Capital Contributions	1,611,168	2,716,885	817,782	189,019	5,334,854
Change in Net Assets	1,662,642	1,847,390	4,953,920	4,813,448	13,277,400
Fund Net Assets, beginning of year	61,751,173	103,500,876	145,030,709	1,018,473	311,301,231
Fund Net Assets, end of year	\$ 63,413,815	\$ 105,348,266	\$ 149,984,629	\$ 5,831,921	\$ 324,578,631

See accompanying notes.

Proprietary Funds
Statement of Cash Flows

City of Manchester, New Hampshire
Year Ended June 30, 2004

	Business-type Activities-Enterprise Funds				Total
	Water Works Fund	Major EPD Fund	Aviation Fund	Non-Major Funds	
Cash Flows from Operating Activities					
Cash received from customers	\$ 11,722,478	\$ 11,302,704	\$ 38,687,338	\$ 2,344,331	\$ 64,056,851
Cash payments for goods and services	(2,844,591)	(3,893,071)	(21,917,064)	(657,237)	(29,311,963)
Cash payments to employees for services	(5,096,104)	(2,734,726)	(4,750,866)	(1,783,540)	(14,365,236)
Other operating revenues	279,872			24,738	304,610
Net Cash Provided by (Used in) Operating Activities	4,061,655	4,674,907	12,019,408	(71,708)	20,684,262
Cash Flows from Non-Capital and Related Financing Activities					
Amounts from federal & state governments for soundproofing			3,342,063	-	3,342,063
Soundproofing related expenses			(3,246,906)	-	(3,246,906)
Passenger and customer facility charges			7,429,009	-	7,429,009
Interest paid on cash advances				(20,032)	(20,032)
Short-term cash advance from City	(671,112)			(99,285)	(770,397)
Net Cash Provided by (Used in) Non-Capital & Related Financing Activities	(671,112)	-	7,524,166	(119,317)	6,733,737
Cash Flows from Capital and Related Financing Activities					
Proceeds from revenue bonds	38,345,000			-	38,345,000
Proceeds from State of New Hampshire Revolving Fund	2,038,820	3,471,186		-	5,510,006
Reimbursement of bond interest expenses		276,011		-	276,011
Proceeds from general obligations				1,678,348	1,678,348
Payments for State of New Hampshire liability	(1,653,431)	(5,725,430)		-	(7,378,861)
Principal paid on bonds	(832,233)	(812,305)	(5,050,000)	(127,600)	(6,822,138)
Interest paid on bonds	(1,716,062)	(1,092,182)	(12,232,842)	(83,546)	(15,124,632)
Contributed capital by federal, state & local governments	1,611,168	1,911,602	12,973,811	189,019	16,685,600
Acquisition and construction of capital assets	(14,696,079)	(8,352,013)	(39,046,484)	(796,751)	(62,891,327)
Net Cash Provided by (Used in) Capital & Related Financing Activities	23,097,183	(10,323,131)	(43,355,515)	859,470	(29,721,993)
Cash Flows from Investing Activities					
Sale of investment securities			3,245,877	-	3,245,877
Interest and dividends from investments	353,648	367,008	1,674,870	-	2,395,526
Net Cash Provided by Investing Activities	353,648	367,008	4,920,747	-	5,641,403
Net Increase (Decrease) in Cash and Cash Equivalents	26,841,374	(5,281,216)	(18,891,194)	668,445	3,337,409
Cash and Cash Equivalents at Beginning of Year	4,418,497	24,731,131	77,731,609	-	106,881,237
Cash and Cash Equivalents at End of Year	\$ 31,259,871	\$ 19,449,915	\$ 58,840,415	\$ 668,445	\$ 110,218,646
Reconciliation of operating income (loss) to net cash provided by (Used in) operating activities					
Operating income (loss)	\$ 1,442,891	\$ 142,357	\$ 6,086,033	\$ (639,560)	\$ 7,031,721
Adjustments to reconcile operating income (loss) to cash provided by operating activities:					
Depreciation and amortization	2,136,646	4,699,740	10,019,108	349,833	17,205,327
Non-operating revenue	279,872			24,738	304,610
Change in Assets and Liabilities					
(Increase) decrease in receivables	(136,734)	(170,060)	982,073	57,673	732,952
(Increase) decrease in inventories	6,005	4,110	(12,605)	5,908	3,418
(Increase) decrease in prepaid expenses and other assets	(1,015,645)	2,167	151,000	-	(862,478)
Increase (decrease) in accounts payable	(67,230)	291,968	(4,848,645)	(39,896)	(4,663,803)
Increase (decrease) in accrued liabilities	1,274,113	(340,471)	(301,042)	162,933	795,533
Increase in compensated absences	141,737	45,096	17,336	6,929	211,098
Increase in Deferred Revenue			(73,850)	(266)	(74,116)
Net Cash Provided by (Used in) Operating Activities	\$ 4,061,655	\$ 4,674,907	\$ 12,019,408	\$ (71,708)	\$ 20,684,262
Schedule of Noncash Investing, Capital and Financing Activities					
Transfer of Debt to General fund				25,000	25,000
Donation of land		498,435			498,435

See accompanying notes.

Fiduciary Funds
Statement of Fiduciary Net Assets

City of Manchester, New Hampshire
Year ended June 30, 2004

	<u>Pension Trust Funds</u>	<u>Agency Fund</u>
Assets		
Cash and cash equivalents	\$ 1,624,698	
Investments	114,070,375	
Receivables, net of allowances for collection losses	293,120	\$ 982,064
Capital assets, net, where applicable, of accumulated depreciation	<u>215,971</u>	
Total Assets	<u>\$ 116,204,164</u>	<u>\$ 982,064</u>
Liabilities		
Accounts and warrants payable	\$ 116,863	
Accrued liabilities	748,991	
Due to other funds		<u>\$ 982,064</u>
Total Liabilities	<u>865,854</u>	<u>982,064</u>
Net Assets and Other		
Held in trust for Employees' Retirement System	<u><u>\$ 115,338,310</u></u>	<u><u>\$ -</u></u>

See accompanying notes.

Fiduciary Trusts
Statement of Changes in Fiduciary Net Assets

City of Manchester New Hampshire
Year Ended June 30, 2004

	<u>Pension Trust Funds</u>
Additions	
Contributions	
Employer	\$ 3,323,023
Plan members	1,578,219
Total Contributions	<u>4,901,242</u>
Investment Gain	
Net realized and unrealized appreciation in fair value of investments	23,343,195
Interest	940,970
Dividends	832,893
Less investment expense	(389,597)
Net Investment Income	<u>24,727,461</u>
Total Additions	<u>29,628,703</u>
Deductions	
Benefits paid directly to participants	6,841,865
Refunds of employee contributions	255,233
Administrative expenses	833,560
Total Deductions	<u>7,930,658</u>
Net Increase	21,698,045
Net Assets Held in Trust for Pension Benefits	
Beginning of year	93,640,265
End of year	<u><u>\$ 115,338,310</u></u>

See accompanying notes.